AR26

January, 1967

A copy of this prospectus has been filed with the Registrar of Joint Stock Companies of the Province of Alberta.

No Securities Commission or similar authority in Canada has in any way passed upon the merits of the shares offered hereunder and any representation to the contrary is an offence. This prospectus is not, and under no circumstances is to be construed as, a public offering of these shares for sale in the United States of America or the territories or possessions thereof.

NEW ISSUE

SUNLITE OIL COMPANY LIMITED

(Incorporated under the Laws of the Province of Alberta)

1,000,000 Shares

(Without nominal or par value)

These Shares are Speculative Securities

At the present time there is no market for these securities and the offering price is a negotiated price.

TRANSFER AGENT AND REGISTRAR

The Canada Trust Company — Calgary, Vancouver, Winnipeg and Toronto.

We, as principals, offer these shares subject to prior sale and change in price, if, as and when issued and accepted by us, and subject to the approval of all legal matters on behalf of the Company by Messrs. MacKimmie, Matthews, Wood, Phillips & Smith, Calgary, Alberta, and on our behalf by Messrs. Fasken, Calvin, MacKenzie, Williston & Swackhamer, Toronto, Ontario, who may rely upon the opinion of Counsel for the Company in respect to all matters of Alberta law.

Price: $1.20 Per Share

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books without notice. It is expected that share certificates in definitive form will be available for delivery on or about February 2, 1967.

With the exception of the information and representations contained in this prospectus, no person is authorized by the Company or by us to give any information or to make any representation in connection with the issue and sale of these shares. If given or made, such information or representation cannot be relied upon as having been authorized by the Company or by us.

RICHARDSON SECURITIES OF CANADA

EXECUTIVE OFFICES: WINNIPEG

MONTREAL • QUEBEC • OTTAWA • TORONTO • WINNIPEG • CALGARY • EDMONTON • VANCOUVER • VICTORIA • PRINCE GEORGE • LETHBRIDGE • MEDICINE HAT
MOOSE JAW • REGINA • SASKATOON • SWIFT CURRENT • BRANDON • KENORA • KINGSTON • GALT • LONDON • SIMCOE • KITCHENER • CHATHAM • HAMILTON
WINDSOR • SAINT JOHN, N.B. • LONDON, ENGLAND.

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The following information has been supplied by Mr. D. K. Russell, President and Managing Director of Sunlite Oil Company Limited.

SUNLITE OIL COMPANY LIMITED

Sunlite Oil Company Limited (herein sometimes referred to as the "Company") was incorporated March 2, 1945, as a public company under the laws of the Province of Alberta.

The Company is engaged primarily in the business of acquiring for investment, gross overriding royalty interests in lands prospective for discovery and development of petroleum and natural gas and related hydrocarbons in Western Canada. The Company is also engaged to a lesser extent in the production and marketing of crude oil from the Pembina oilfield of Alberta.

The gross overriding royalty interests held by the Company are contractual rights to receive in cash or kind a percentage of the petroleum, natural gas and/or related hydrocarbons produced, saved and marketed from the relevant lands, free of drilling and operating costs. Such contractual rights have been made directly with, or indirectly through agreements with, the beneficial holders of reservations, permits and leases. If petroleum substances are produced and marketed from lands, the owner of a gross overriding royalty interest involving such lands receives a percentage of such production or its equivalent value in cash. The amount of the money received by the owner of a gross overriding royalty interest is dependent upon both the size of such interest and the quantity of petroleum substances produced and marketed. The owner of a gross overriding royalty interest does not participate in any decisions relating to exploration or development of the properties in which the interest is held, nor in the decisions or expenditures required to maintain, explore or develop the reservation, permit or lease.

The Company has no control over the maintenance, surrender or extension of any reservation, permit or lease covering lands described in the Schedule of Gross Overriding Royalty Interests contained in this prospectus. In a few agreements the Company has a first right of refusal to acquire the reservation, permit or lease from the present holder thereof prior to a surrender. The receipt of income from gross overriding royalty interests is dependent upon the prudent operations and success of exploration and drilling activities carried out by other companies on lands in which the Company owns a gross overriding royalty interest. The Company acquires its gross overriding royalty interests in advance of drilling activities which might affect the values thereof. As a result the shares of the Company are speculative.

RESERVATIONS, PERMITS AND LEASES

As the life of the Company's gross overriding royalty interest is dependent upon the term of the relevant reservation, permit or lease, there is set out below a brief explanation of the terms of these title documents.

Alberta Crown Petroleum and Natural Gas (hereinafter sometimes referred to as P & NG) Reservations are issued for an initial term of four months and upon satisfactory representations to the Minister of Mines and Minerals as to the nature and progress of the exploratory program being undertaken the term is extendable for two additional four-month periods. After the first year, four additional successive six-month extensions are available to the holder thereof, upon payment of an acreage charge and the furnishing of satisfactory progress reports. While the reservation is in good standing the holder may convert to lease up to one-half of the area of the reservation and if oil is discovered on the reservation lands in commercial quantity a lease including the producing land must be selected within three months. The balance of the reservation lands not converted to leases are surrendered to the Crown. Crown Petroleum and Natural Gas Leases in Alberta, prior to June 1, 1962, were issued for a primary term of twenty-one years, but since that date have been issued for a primary term of ten years and in both cases are extended thereafter by production as to the land area producing petroleum substances.

In Saskatchewan, Crown Permits are for a term of five years and generally are not renewable. Payment of acreage charges and actual drilling operations on the lands during the term are required of the holder of the permit. If oil or natural gas is discovered on permit lands the holder must within ninety days after notification so to do, make application for a lease to include the producing land. The extent of the acreage covered in such lease varies between 40% and 100% of the area of the permit depending upon several factors relating to the discovery well.

Exploratory permits covering lands in the Northwest Territories are issued by the Federal Crown for periods of from three to eight years depending upon the latitude of the lands and are renewable for at least six further one-year terms if the required exploration work is performed. Such permits require the holder to pay acreage charges or post performance deposits. Leases covering from one-half to all of the lands included in the permit, depending upon the location and volume of production with varying royalties reserved to the Federal Crown, can be selected by the holder of the permit. The leases provide for an acreage charge and are for a term of twenty-one years renewable for further twenty-one-year terms if the lands are capable of production.

The Company's gross overriding royalty interests in each of the three areas described above survive a conversion from reservation or permit to lease, but terminate as to the lands included in that part of a reservation or permit that is surrendered.

PROPERTIES

The Company has acquired gross overriding royalty interests in 4,098,954 acres of land presently covered by petroleum and natural gas reservations, permits or leases located in Northern Alberta, Saskatchewan and the Northwest Territories. The lands which are subject to a gross overriding royalty interest held by the Company are described in the Schedule of Gross Overriding Royalty Interests commencing on page 5 of this prospectus. One such parcel of land located in the Pembina oilfield is now producing. It is anticipated that by the Spring of 1967 eight to ten wells will be drilled either on lands in which the Company has a gross overriding royalty interest or on lands sufficiently near Company-interest lands to be meaningful.

The Company holds a working interest (where the Company shares expenses and costs of production as well as income) in seventeen leases, all located in the Province of Alberta. Of these leases, seven cover lands containing producing oil wells. These lands are described in the Schedule of Working Interests commencing on page 12 of this prospectus. Part I of this schedule describes the producing lands, and Part II the non-producing lands.

A report of J. C. Sproule, Professional Geologist, on pages 15 to 19 of this prospectus describes the non-producing lands in which the Company holds a gross overriding royalty interest or a working interest. A report of James A. Lewis Engineering Co. Ltd. on pages 20 to 22 describes the producing properties in which the Company holds a working interest or gross overriding royalty interest.

A map showing the location of the lands in which the Company has an interest is included on page 4 of this prospectus.

MANAGEMENT

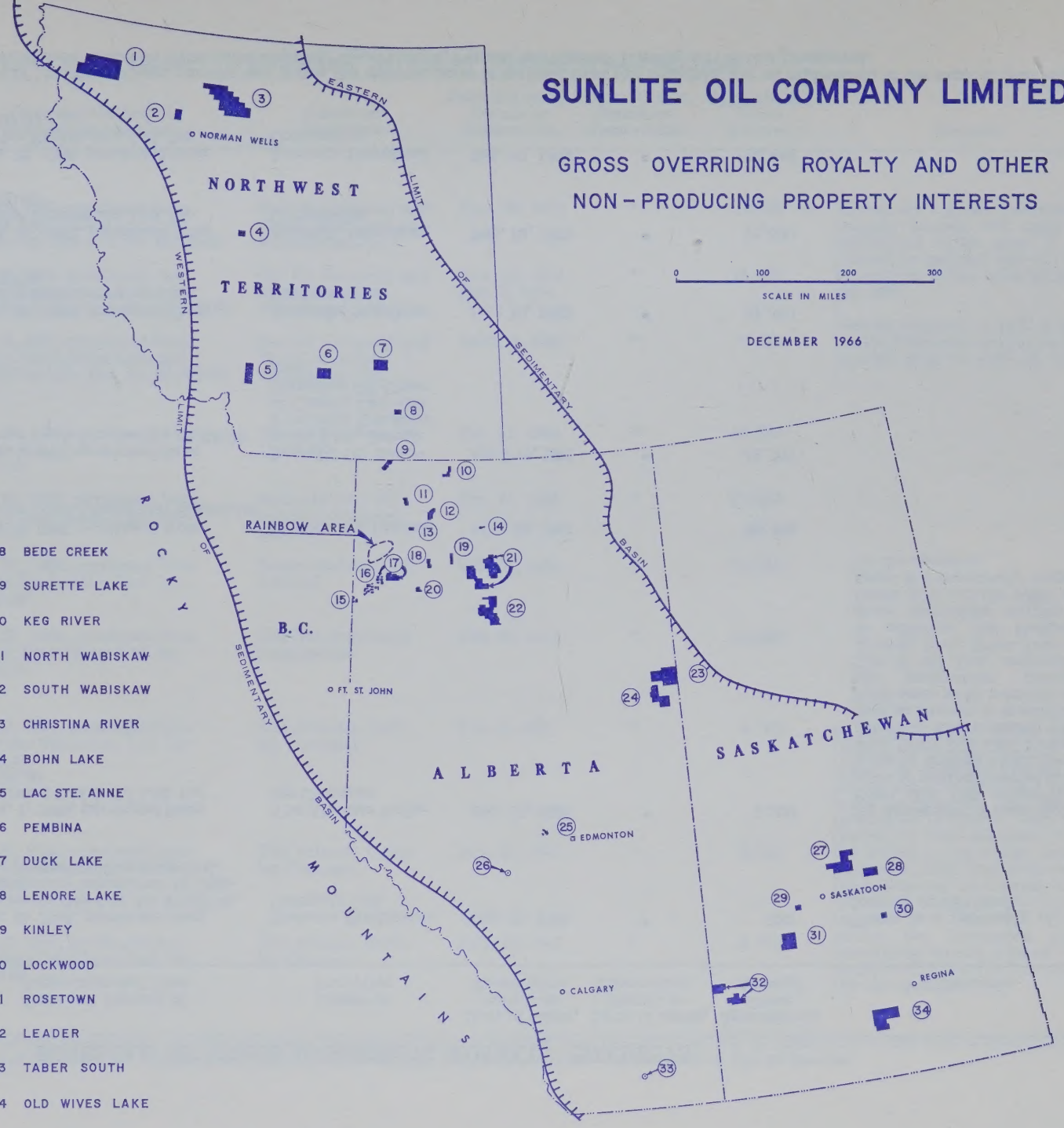
The Company's president, Donald K. Russell, has been active in the petroleum industry for some 16 years, primarily in the capacity of investment analyst, specializing in petroleum matters. Robert T. Vanderham, vice-president of the Company, has been for the past three years an independent petroleum land consultant, prior to which he was for ten years a landman based in Calgary for an international oil company. J. Stewart Fisher, secretary-treasurer of the Company, is a barrister and solicitor with the Company's counsel.

PURPOSE OF ISSUE

The proceeds of the sale of the shares offered hereby will be $1,050,000, less the auditing, printing and legal costs incidental thereto which are estimated at $25,000. The net proceeds of the sale will be used to the extent of $250,000 to repay a bank loan incurred for the purpose of purchasing certain gross overriding royalty interests on November 4, 1966, and to the extent of approximately $150,000 to acquire additional producing properties, if, as and when favorable properties become available, in order to supplement income during the period of development of the lands covered in the Schedule of Gross Overriding Royalty Interests forming part of this prospectus. The balance of the funds, approximately $625,000, will be used in carrying out a program over a period of three to four years of acquiring gross overriding royalty interests in advance of drilling activities which might affect the values thereof. Pending the use of net proceeds as described above, the unexpended monies will be invested in trustee securities or held on deposit with the Company's bankers. The proceeds of the sale of the shares offered hereby will be used for no purposes other than those set forth above without the prior approval of the shareholders of the Company and of the Securities authorities having jurisdiction.

SUNLITE OIL COMPANY LIMITED

GROSS OVERRIDING ROYALTY AND OTHER NON-PRODUCING PROPERTY INTERESTS



DECEMBER 1966

SCHEDULE OF PROPERTIES

1	FORT GOOD HOPE WEST	18	BEDE CREEK
2	NORMAN WELLS	19	SURETTE LAKE
3	FORT GOOD HOPE EAST	20	KEG RIVER
4	FORT WRIGLEY	21	NORTH WABISKAW
5	YOHIN LAKE	22	SOUTH WABISKAW
6	JEAN-MARIE CREEK	23	CHRISTINA RIVER
7	RABBITSKIN RIVER	24	BOHN LAKE
8	SOUTH FOETUS LAKE	25	LAC STE. ANNE
9	BISTCHO LAKE	26	PEMBINA
10	RAT LAKE	27	DUCK LAKE
11	STEEN RIVER	28	LENORE LAKE
12	STEEN RIVER EAST	29	KINLEY
13	NEGUS CREEK	30	LOCKWOOD
14	CARL CREEK	31	ROSETOWN
15	CHINCHAGA RIVER	32	LEADER
16	SOUTH RAINBOW WEST	33	TABER SOUTH
17	SOUTH RAINBOW EAST	34	OLD WIVES LAKE

SCHEDULE OF GROSS OVERRIDING ROYALTY INTERESTS

Location ALBERTA	% Gross Overriding Royalty	Date and Method of Acquisition and Cost	Lessee or Permittee	Date of Lease, Permit or Reservation	Term of Lease, Permit or Reservation	Approximate Gross Acreage	Remarks
PEMBINA AREA							
W½14-47-10 W5	1.5% in P & NG Lease #113775	Oct. 19, 1959, purchased from Landmark Oils Ltd. for $7,692.32, subsequently farmed out to Dahcota Production Company Ltd.	Dahcota Production Company Ltd.	Jan. 20, 1959	*	320	There is a producing oil well located on this land.
SOUTH RAINBOW (EAST) AREA							
In Twp. 104 and 105, Rge. 4, 5 and 6, W 6M	⅛% in P & NG Reservation #381	Nov. 1, 1966, purchased from Montwest Gas & Oil Ltd. for $2,500.00	The Atlantic Refining Company	Oct. 11, 1963	*	3,200	By Agreement of June 16, 1966, Brett Oils Ltd. acquired the right to earn an interest in 3,200 acres by drilling a well thereon, with Brett Oils Ltd. having an option to drill a second well to earn an interest in an additional 3,200 acres to be selected out of the reservation. Montwest Gas & Oil Ltd. acquired its interest from Brett Oils Ltd. In addition the Company's gross overriding royalty interest will include 9,600 more acres if subsequently acquired by the operator.
In Twp. 103 and 104 Rge. 7 and 8, W 6M	2½% in 6 Crown P & NG Leases	Nov. 1, 1966, purchased from Luscar Coals Limited for $52,400.00	Imperial Oil Limited	May 25, 1961		26,560	
SOUTH RAINBOW (WEST) AREA							
In Twp. 101, 102 and 103, Rge. 8, 9 and 10, W 6M	0.1% in 19 Crown P & NG Leases	Nov. 1, 1966, purchased from Luscar Coals Limited for $3,600.00	Imperial Oil Enterprises Ltd., French Petroleum Company of Canada Ltd. and Marathon Oil Company	April 19, 1961	*	45,760	
SOUTH WABISKAW AREA							
In Twp. 96, 97 and 98, Rge. 11, 12 and 13, W 5M	½% in P & NG Reservation #291	Sept. 21, 1966, purchased from Taylor Exploration Ltd. for $5,000.00	Amerada Petroleum Corporation	June 10, 1963	*	99,840	
In Twp. 98, 99 and 100, Rge. 9, 10, 11 and 12, W 5M	½% in P & NG Reservation #131	Sept. 21, 1966, purchased from Taylor Exploration Ltd. for $5,000.00	Amerada Petroleum Corporation	Feb. 13, 1963	*	92,800	
In Twp. 95, 96, 97 and 98, Rge. 9, 10 and 11, W 5M	½% in P & NG Reservation #150	Sept. 21, 1966, purchased from Taylor Exploration Ltd. for $5,000.00	Amerada Petroleum Corporation	Feb. 22, 1966	*	99,840	

*As the Company has no control over the term of the reservations, permits and leases the relevant term is omitted from this schedule. For an explanation of the term of reservations, permits and leases reference is made to page two of the President's letter under heading "Reservations, Permits and Leases" forming part of this prospectus.

SCHEDULE OF GROSS OVERRIDING ROYALTY INTERESTS—Continued

Location ALBERTA	% Gross Overriding Royalty	Date and Method of Acquisition and Cost	Lessee or Permittee	Date of Lease, Permit or Reservation	Term of Lease, Permit or Reservation	Approximate Gross Acreage	Remarks
BISTCHO LAKE AREA							
In Twp. 125, Rge. 6 and 7, W 6M	1% in P & NG Lease #102025	Sept. 8, 1966, purchased from Clemis Exploration Ltd. and MacMillan Oils Ltd. for $5,460.00	Sun Oil Company and Royal American Petroleums Ltd.	Nov. 29, 1954	*	5,760	Company's gross overriding royalty interest will apply to additional 10,880 acres if acquired by operator and will terminate on 10,880 acres on June 20, 1967.
In Twp. 125 and 126, Rge. 5 and 6, W 6M	2% in 4 Crown P & NG Leases	Sept. 8, 1966, purchased from Clemis Exploration Ltd. and MacMillan Oils Ltd. for $21,840.00	Sun Oil Company and Royal American Petroleums Ltd.	Nov. 29, 1954 Dec. 2, 1954	*	11,520	
In Twp. 126, Rge. 5 and 6, W 6M	1.5% in Drilling Reservation #1613	Sept. 8, 1966, purchased from Clemis Exploration Ltd. and MacMillan Oils Ltd. for $2,700.00	Sun Oil Company and Royal American Petroleums Ltd.	April 15, 1966	*	7,040	Lessee required to drill a well to the Precambrian granite formation prior to April 16, 1968.
NORTH WABISKAW AREA							
In Twp. 104, 105 and 106, Rge. 13 and 14, W 5M	1% in P & NG Reservation #441	Sept. 21, 1966, purchased from Taylor Exploration Ltd. for $9,000.00	Scurry-Rainbow Oil Limited	Feb. 11, 1964	*	99,840	
In Twp. 102, 103 and 104, Rge. 11, 12 and 13, W 5M	1% in P & NG Reservation #442	Sept. 21, 1966, purchased from Taylor Exploration Ltd. for $9,000.00	Hudson's Bay Oil and Gas Company Limited	Feb. 11, 1964	*	99,840	
In Twp. 105, 106, 107 and 108, Rge. 9, 10 and 11, W 5M	1% in P & NG Reservation #463	Sept. 21, 1966, purchased from Taylor Exploration Ltd. for $8,500.00	Scurry-Rainbow Oil Limited	Feb. 21, 1964	*	99,840	
In Twp. 104, 105 and 106, Rge. 8, 9 and 10, W 5M	1% in P & NG Reservation #464	Sept. 21, 1966, purchased from Taylor Exploration Ltd. for $8,500.00	Uno-Tex Petroleum Corporation	Feb. 25, 1964	*	99,840	
KEG RIVER AREA							
In Twp. 102, Rge. 24 and 25, W 5M	0.5% in fractional P & NG Reservation #743	Oct. 31, 1966, purchased from Blue Star Petroleum Ltd. for $4,000.00	The Atlantic Refining Company	Dec. 9, 1964	*	5,760	By Agreement of Oct. 21, 1965, Pennzoil Company acquired the right to earn an interest in 28,800 acres by drilling 3 wells prior to May 31, 1966, and 2 wells prior to May 31, 1967. The latter two wells are expected to be drilled in the winter season of 1966-67. Blue Star Petroleum Ltd. acquired its interest from Pennzoil Company by Agreement of Dec. 28, 1965. In addition the Company's gross overriding royalty interest will apply to 37,440 acres if acquired by the operator.
BEDE CREEK AREA							
In Twp. 107, Rge. 22, W 5M	0.5% in P & NG Reservations #354 and #355	Oct. 31, 1966, purchased from Blue Star Petroleum Ltd. for $4,000.00	The Atlantic Refining Company	Aug. 21, 1963	*	5,760	
NEGUS CREEK AREA							
In Twp. 113, Rge. 1 and 2, W 6M	0.5% fractional P & NG Reservation # 89	Oct. 31, 1966, purchased from Blue Star Petroleum Ltd. for $8,000.00	The Atlantic Refining Company	Nov. 16, 1962	*	5,760	

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SCHEDULE OF GROSS OVERRIDING ROYALTY INTERESTS—Continued

Location ALBERTA	% Gross Overriding Royalty	Date and Method of Acquisition and Cost	Lessee or Permittee	Date of Lease, Permit or Reservation	Term of Lease, Permit or Reservation	Approximate Gross Acreage	Remarks
STEEN RIVER AREA							
In Twp. 118 and 119, Rge. 2 and 3, W 6M	0.5% in P & NG Reservation #409	Sept. 16, 1966, purchased from Blue Star Petroleum Ltd. for $16,000.00	The Atlantic Refining Company	Nov. 15, 1963	*	11,520	By Agreement of Oct. 21, 1965, Pennzoil Company acquired the right to earn an interest in 28,800 acres by drilling 3 wells prior to May 31, 1966, and 2 wells prior to May 31, 1967. The latter two wells are expected to be drilled in the winter season of 1966-67. Blue Star Petroleum Ltd. acquired its interest from Pennzoil Company by Agreement of Dec. 28, 1965. In addition the Company's gross overriding royalty interest will apply to 37,440 acres if acquired by the operator.
STEEN RIVER EAST AREA							
In Twp. 115, 116 and 117, Rge. 20 and 21, W 5M	1% in P & NG Reservation #682	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Canadian Gridoil Limited	Aug. 27, 1964	*	43,520	
CHINCHAGA RIVER AREA							
In Twp. 99 and 100, Rge. 12 and 13, W 6M	0.6% in 3 Crown P & NG Leases	Nov. 3, 1966, purchased from Bozlan Oil & Gas Ltd. for $7,250.00	Hudson's Bay Oil and Gas Company Limited	Dec. 6, 1954	*	9,600	Altair Oil & Gas Co. the farmee by assignment dated Aug. 25, 1966, acquired from Brett Oils Ltd. all of Brett Oils Ltd. interest in a farmout agreement with Hudson's Bay Oil and Gas Company Limited dated June 16, 1966, whereby Altair commits to drill a Chinchaga test on the farmout lands prior to March 1, 1967. Bozlan Oil & Gas Ltd. acquired its interest from the farmee by agreement dated July 21, 1966. In addition the Company's gross overriding royalty interest will apply to 22,400 acres if acquired by the operator.

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** 617,454 acres in Alberta
606,969 acres in Saskatchewan and
1,481,574 acres in N.W.T.
} Purchased for $281,500.00.

SCHEDULE OF GROSS OVERRIDING ROYALTY INTERESTS—Continued

Location ALBERTA	% Gross Overriding Royalty	Date and Method of Acquisition and Cost	Lessee or Permittee	Date of Lease, Permit or Reservation	Term of Lease, Permit or Reservation	Approximate Gross Acreage	Remarks
RAT LAKE AREA							
In Twp. 124 and 125, Rge. 17 and 18, W 5M	1% in P & NG Reservation #829	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Pan American Petroleum Corporation	Mar. 3, 1965	*	32,640	
CARL CREEK AREA							
In Twp. 113, Rge. 11, W 5M	1% in P & NG Reservation #832	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Siebens Oil & Gas Ltd.	Mar. 4, 1965	*	5,760	
SURETTE LAKE AREA							
In Twp. 107 and 108, Rge. 17, W 5M	1% in P & NG Reservation #760	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Siebens Oil & Gas Ltd.	Jan. 8, 1965	*	23,040	
BOHN LAKE AREA							
In Twp. 78, 79, 80 and 81, Rge. 5 and 6, W 4M	1% in P & NG Reservation #1014	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Siebens Oil & Gas Ltd.	Mar. 9, 1966	*	86,254	
In Twp. 77 and 78, Rge. 3 and 4, W 4M	1% in P & NG Reservation #1094	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Siebens Oil & Gas Ltd.	June 29, 1966	*	92,160	
CHRISTINA RIVER AREA							
In Twp. 81 and 82, Rge. 1 and 2, W 4M	1% in P & NG Reservation #1047	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Siebens Oil & Gas Ltd.	May 13, 1966	*	92,160	
In Twp. 83 and 84, Rge. 1 and 2, W 4M	1% in P & NG Reservation #1048	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Siebens Oil & Gas Ltd.	May 13, 1966	*	69,120	
In Twp. 81 and 82, Rge. 3, W 4M	1% in P & NG Reservation #1049	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Siebens Oil & Gas Ltd.	May 13, 1966	*	46,080	
In Twp. 83 and 84, Rge. 3, W 4M	1% in P & NG Reservation #1050	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Siebens Oil & Gas Ltd.	May 13, 1966	*	34,560	
In Twp. 82 and 83, Rge. 4 and 5, W 4M	1% in P & NG Reservation #1073	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Siebens Oil & Gas Ltd.	May 13, 1966	*	92,160	

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SCHEDULE OF GROSS OVERRIDING ROYALTY INTERESTS—Continued

Location SASKATCHEWAN	% Gross Overriding Royalty	Date and Method of Acquisition and Cost	Lessee or Permittee	Date of Lease, Permit or Reservation	Term of Lease, Permit or Reservation	Approximate Gross Acreage	Remarks
DUCK LAKE AREA							
In Twp. 41, 42 and 42A, Rge. 1, 2 and 3, W 3M	1% in Crown Permit #1573	Nov. 3, 1966, purchased from Raddison Oil & Gas Ltd. for $1,300.00	J. Ray McDermott & Co. Inc. and General Crude Oil Company	June 4, 1965	*	72,866	
In Twp. 41 and 42, Rge. 26, 27 and 28, W 2M	½% in Crown Permit #1574	Nov. 3, 1966, purchased from Raddison Oil and Gas Ltd. for $400.00	Ranger Oil (Canada) Limited and Pembina Pipe Line Ltd.	June 4, 1965	*	57,267	
In Twp. 43 and 44, Rge. 26, 27 and 28, W 2M	½% in Crown Permit #1599	Nov. 3, 1966, purchased from Raddison Oil & Gas Ltd. for $400.00	Ranger Oil (Canada) Limited and Pembina Pipe Line Ltd.	June 16, 1965	*	54,460	
LENORE LAKE AREA							
In Twp. 39 and 40, Rge. 22, 23 and 24, W 2M	2% in Crown Permit #1575	Nov. 3, 1966, purchased from Raddison Oil & Gas Ltd. for $1,900.00	Ashland Oil & Refining Company	June 4, 1965	*	52,160	
KINLEY AREA							
In Twp. 35, Rge. 10, W 3M	1% in Crown Permit #1611	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Tenneco Oil & Minerals Ltd.	July 16, 1965	*	12,160	
LOCKWOOD AREA							
In Twp. 31, Rge. 22, W 2M	1% in Crown Permit #1612	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Tenneco Oil & Minerals Ltd.	July 16, 1965	*	12,480	
ROSETOWN AREA							
In Twp. 28, 29 and 30, Rge. 12, 13 and 14, W 3M	½% in Crown Permit #1673	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Hudson's Bay Oil and Gas Company Limited	Feb. 28, 1965	*	99,840	
OLD WIVES LAKE AREA							
In Twp. 10 and 11, Rge. 26, 27 and 28, W 2M	½% in Crown Permit #1674	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Hudson's Bay Oil and Gas Company Limited	Feb. 28, 1965	*	100,000	
In Twp. 12 and 13, Rge. 26, 27 and 28, W 2M	½% in Crown Permit #1702	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Hudson's Bay Oil and Gas Company Limited	Mar. 1, 1966	*	99,360	

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SCHEDULE OF GROSS OVERRIDING ROYALTY INTERESTS—Continued

Location SASKATCHEWAN	% Gross Overriding Royalty	Date and Method of Acquisition and Cost	Lessee or Permittee	Date of Lease, Permit or Reservation	Term of Lease, Permit or Reservation	Approximate Gross Acreage	Remarks
OLD WIVES LAKE AREA—Concluded							
In Twp. 12 and 13, Rge. 23, 24, 25 and 26, W 2M	½% in Crown Permit #1703	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Hudson's Bay Oil and Gas Company Limited	Mar. 1, 1966	*	95,200	
LEADER AREA							
In Twp. 19 and 20, Rge. 23, 24, 25 and 26, W 3M	½% in Crown Permit #1748	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Hudson's Bay Oil and Gas Company Limited	April 13, 1966	*	98,400	
In Twp. 21 and 22, Rge. 27, 28 and 29, W 3M	½% in Crown Permit #1749	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Hudson's Bay Oil and Gas Company Limited	April 13, 1966	*	89,529	

Location NORTHWEST TERRITORIES	% Gross Overriding Royalty	Date and Method of Acquisition and Cost	Lessee or Permittee	Date of Lease, Permit or Reservation	Term of Lease, Permit or Reservation	Approximate Gross Acreage	Remarks
JEAN MARIE CREEK AREA							
61° 30′ N 121° 00′ W	1% in Permit #4304	Nov. 3, 1966, purchased from Raddison Oil & Gas Ltd. for $1,000.00	Transalta Minerals Limited	July 15, 1965	*	61,272	
61° 30′ N 121° 15′ W	1% in Permit #4305	Nov. 3, 1966, purchased from Raddison Oil & Gas Ltd. for $1,000.00	Hudson's Bay Oil and Gas Company Limited	July 15, 1965	*	61,272	
RABBITSKIN RIVER AREA							
61° 40′ N 119° 15′ W	1% in Permit #4306	Nov. 3, 1966, purchased from Raddison Oil & Gas Ltd. for $1,000.00	Chevron Standard Limited	July 15, 1965	*	60,948	
61° 40′ N 119° 00′ W	1% in Permit #4307	Nov. 3, 1966, purchased from Raddison Oil & Gas Ltd. for $1,000.00	Transalta Minerals Limited	July 15, 1965	*	60,948	

*As the Company has no control over the term of the reservations, permits and leases the relevant term is omitted from this schedule. For an explanation of the term of reservations, permits and leases reference is made to page two of the President's letter under heading "Reservations, Permits and Leases" forming part of this prospectus.

** 617,454 acres in Alberta
606,969 acres in Saskatchewan and
1,481,574 acres in N.W.T.
} Purchased for $281,500.00.

SCHEDULE OF GROSS OVERRIDING ROYALTY INTERESTS—Concluded

Location NORTHWEST TERRITORIES	% Gross Overriding Royalty	Date and Method of Acquisition and Cost	Lessee or Permittee	Date of Lease, Permit or Reservation	Term of Lease, Permit or Reservation	Approximate Gross Acreage	Remarks
WRIGLEY AREA							
63° 50′ N 124° 30′ W	1½% in Permit #4308	Oct. 25, 1966, purchased from Raddison Oil & Gas Ltd. for $1,000.00	Radison Oil & Gas Ltd.	July 15, 1965	*	28,373	
NORMAN WELLS AREA							
65° 40′ N 127° 30′ W	1½% in Permit #4309	Nov. 3, 1966, purchased from Raddison Oil & Gas Ltd. for $1,000.00	Pacific Petroleums Ltd., Westcoast Production Co. Ltd., Western Pacific Production, Crude Oil Pipelines Ltd.	July 15, 1965	*	52,982	
SOUTH FOETUS LAKE AREA							
60° 50′ N 118° 30′ W, North ½	1% in Permit #4374	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Siebens Oil & Gas Ltd.	Oct. 28, 1965	*	31,244	
YOHIN LAKE AREA							
61° 20′ N, 123° 45′ W	1% in Permit #4695	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Siebens Oil & Gas Ltd.	Feb. 8, 1966	*	61,596	
61° 30′ N, 123° 45′ W	1% in Permit #4696				*	61,272	
FORT GOOD HOPE WEST AREA							
66° 10′ to 66° 20′ N 130° 15′ to 131° 45′ W	½% in 13 Permits	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Canadian Pacific Oil & Gas Limited	Feb. 15, 1966	*	673,518	
FORT GOOD HOPE EAST AREA							
65° 50′ to 66° 10′ N 124° 45′ to 126° 30′ W	½% in 15 Permits	Nov. 4, 1966, purchased from Siebens Oil & Gas Ltd. See **	Canadian Pacific Oil & Gas Limited	June 27, 1966	*	653,944	

*As the Company has no control over the term of the reservations, permits and leases the relevant term is omitted from this schedule. For an explanation of the term of reservations, permits and leases reference is made to page two of the President's letter under heading "Reservations, Permits and Leases" forming part of this prospectus.

** 617,454 acres in Alberta
606,969 acres in Saskatchewan and
1,481,574 acres in N.W.T. } Purchased for $281,500.00.

SCHEDULE OF WORKING INTERESTS

PART I — PRODUCING PROPERTIES

Location ALBERTA	Nature of Interest	Date and Method of Acquisition and Cost	Lessee/Assignor	Date of Lease	Term	Approximate Acreage Gross	 Net	Annual Rental	Company's Working Interest	Royalty Payable	Remarks
PEMBINA AREA											
E. ½ 29-49-10-W 5M	P & NG Lease #111358	Oct. 19, 1959 purchased from Landmark Oils Ltd. for $4,465.82	Canadian Industrial Gas & Oil Ltd.	April 28, 1958	21 years	320	32	$32	10%	Crown and 3% override royalty	Lease subject to Pembina Cardium Unit #11 agreement. Co.'s Unit interest 0.1641%
E ½ 12-47-9-W 5M	P & NG Lease #112282	Oct. 19, 1959 purchased from Landmark Oils Ltd. for $4,479.77	Canadian Industrial Gas & Oils Ltd.	July 28, 1958	21 years	321	32.1	$32	10%	Crown and 3% override royalty	
Sec. 9-49-5-W 5M	P & NG Lease #113761	Oct. 19, 1959 purchased from Landmark Oils Ltd. for $20,287.23	Canadian Industrial Gas & Oil Ltd.	Jan. 20, 1959	21 years	640	64	$64	10%	Crown	Lease subject to Pembina Cardium Unit #12 agreement. Co.'s Unit interest 0.679817%
E ½'s 24, 25, 36 Twp. 48, Rge. 11, W 5M	P & NG Lease #113780	Oct. 19, 1959 purchased from Landmark Oils Ltd. for $6,208.21	Canadian Industrial Gas & Oil Ltd.	Jan. 20, 1959	21 years	960	96	$96	10%	Crown	
S ½'s 1 and 2 49-11-W 5M	P & NG Lease #113781	Oct. 19, 1959 purchased from Landmark Oils Ltd. for $10,176.21	Canadian Industrial Gas & Oil Ltd.	Jan. 20, 1959	21 years	640	64	$64	10%	Crown	
N ½ 22, S ½ and NW ¼ 27, 49-7-W 5M Cardium formation only	P & NG Lease #113084	Oct. 19, 1959 purchased from Landmark Oils Ltd. for $5,622.60	Great Plains Petroleums Ltd.	Oct. 21, 1958	21 years	795	79.5	$79.5	10%	Crown	
Sec. 32-49-7-W 5M	P & NG Lease #113770	Oct. 19, 1959 purchased from Landmark Oils Ltd. for $7,176.21	Canadian Industrial Gas & Oil Ltd.	Jan. 20, 1959	21 years	640	64.0	$64	10%	Crown	

SCHEDULE OF WORKING INTERESTS—Continued

PART II — NON-PRODUCING PROPERTIES

Location ALBERTA	Nature of Interest	Date and Method of Acquisition and Cost	Lessee/Assignor	Date of Lease	Term	Approximate Acreage Gross	 Net	Annual Rental	Company's Working Interest	Royalty Payable	Remarks
PEMBINA AREA—Concluded											
E ½ and SW ¼ Sec. 15, 47-10-W 5M	P & NG Lease #113775 A and B	Oct. 19, 1959 purchased from Landmark Oils Ltd. included in purchase of #113775	Canadian Industrial Gas & Oil Ltd.	Mar. 23, 1962	21 years	481	48	$48	10%	Crown	
LAC ST. ANNE AREA											
In Twp. 54-2-W 5M, Sec. 16	P & NG Lease #127367	April 16, 1963 purchased from Westcoast Production Co. Ltd. for $406.40	Westcoast Production Co. Ltd.	Feb. 25, 1963	10 years	640	64	$64	10%	Crown plus 5% overriding royalty	
In Twp. 54-2-W 5M, Sec. 20, 29 and 30, W ½ 32 In Twp. 54-3-W 5M Frac. Sec. 24 and Sec. 36	P & NG Lease #127368	April 16, 1963 purchased from Westcoast Production Co. Ltd. for $2,193.00	Westcoast Production Co. Ltd.	Feb. 25, 1963	10 years	3,512	351	$351	10%	Crown plus 5% overriding royalty	
In Twp. 54-2-W 5M SW ¼ 27	P & NG Lease #127369	April 16, 1963 purchased from Westcoast Production Co. Ltd. for $101.60	Westcoast Production Co. Ltd.	Feb. 25, 1963	10 years	160	16	$16	10%	Crown plus 5% overriding royalty	
In Twp. 54-2-W 5M W ½ 34	P & NG Lease #127370	April 16, 1963 purchased from Westcoast Production Co. Ltd. for $203.20	Westcoast Production Co. Ltd.	Feb. 25, 1963	10 years	320	32	$32	10%	Crown plus 5% overriding royalty	
In Twp. 54-3-W 5M NE ¼ 11, Sec. 14	P & NG Lease #127371	April 16, 1963 purchased from Westcoast Production Co. Ltd. for $508.00	Westcoast Production Co. Ltd.	Feb. 25, 1963	10 years	800	80	$80	10%	Crown plus 5% overriding royalty	
In Twp. 54-2-W 5M Sec. 31	Freehold P & NG Lease	April 16, 1963 purchased from Westcoast Production Co. Ltd. for $203.20	Western Minerals Ltd.	Dec. 31, 1950	10 years from April 16, 1963	635.26	32	Nil	5%	12½% plus 5% overriding royalty	

SCHEDULE OF WORKING INTERESTS—Concluded

PART II — NON-PRODUCING PROPERTIES—Concluded

Location ALBERTA	Nature of Interest	Date and Method of Acquisition and Cost	Lessee/Assignor	Date of Lease	Term	Approximate Acreage Gross	 Net	Annual Rental	Company's Working Interest	Royalty Payable	Remarks
LAC ST. ANNE AREA—Concluded											
In Twp. 55-3-W 5M Sec. 1	Freehold P & NG Lease	April 16, 1963 purchased from Westcoast Production Co. Ltd. for $203.20	Western Minerals Ltd.	Dec. 31, 1950	10 years from April 16, 1963	644	32	Nil	5%	12½% plus 5% overriding royalty	
TABER SOUTH AREA											
E ½ 5-7-15-W 4M	P & NG Lease #4976	Mar. 17, 1965 purchased from John O. Galloway for $4,892.80	John O. Galloway	Mar. 17, 1965	10 years	320	320	$320	100%	Crown plus 5% overriding royalty	

REPORT OF J. C. SPROULE AND ASSOCIATES LTD.

OIL AND GAS ENGINEERING AND GEOLOGICAL CONSULTANTS
1009 Fourth Avenue West
Calgary, Alberta

EVALUATION OF CERTAIN GROSS OVERRIDING ROYALTY AND OTHER NON-PRODUCING PROPERTY INTERESTS

HELD BY
SUNLITE OIL COMPANY LIMITED
AS AT DECEMBER 2, 1966

INTRODUCTION

This report has been prepared at the request of Sunlite Oil Company Limited, hereinafter referred to as the "Company." The request made was for a generalized description of the prospects of the gross overriding royalty and other non-producing property interests held by the Company in a widespread group of Petroleum and Natural Gas Leases, and Reservations and one Drilling Reservation, located in Alberta, Saskatchewan and the Northwest Territories.

An abbreviated summary of the holdings described as to area, acreage involved, nature of interest and percentage interests held is presented below. The gross overriding royalty interests and the working interests listed are reproduced as they were given to us by the Company, with no investigation on our part as to title or the amounts of the interests held.

SUMMARY OF INTERESTS IN NON-PRODUCING PROPERTIES

Area	Type of Holding	Operator(1)	Gross Acreage	Company % Interest
ALBERTA				
Gross Overriding Royalty Interests				
South Rainbow (East)	Reservation	Atlantic	3,200(2)	1/8
	Leases	Imp. Oil	26,560	2 1/2
South Rainbow (West)	Leases	Imp. Oil Enter., French Pet., Marathon	45,760	0.1
South Wabiskaw	Reservations	Amerada	292,480	1/2
Bistcho Lake	Lease		5,760	1
	Leases	Sun Oil, Royal Amer.	11,520(3)	2
	Drilling Reservation		7,040	1 1/2
North Wabiskaw	Reservations	Scurry Rainbow	199,680	1
	Reservation	Hudson's Bay O. & G.	99,840	1
	Reservation	Uno-Tex Pet.	99,840	1
Keg River	Reservation	Atlantic	5,760(4)	1/2
Bede Creek	Reservations	Atlantic	5,760(4)	1/2
Negas Creek	Reservation	Atlantic	5,760(4)	1/2
Steen River	Reservation	Atlantic	11,520(4)	1/2
Steen River (East)	Reservation	Can. Gridoil	43,520	1

Area	Type of Holding	Operator(1)	Gross Acreage	Company % Interest
ALBERTA—Concluded				
Gross Overriding Royalty Interests—Concluded				
Chinchaga River	Leases	Hudson's Bay O. & G.	9,600(5)	0.6
Rat Lake	Reservation	Pan Am. Pet.	32,640	1
Carl Creek	Reservation	Siebens O. & G.	5,760	1
Surette Lake	Reservation		23,040	1
Bohn Lake	Reservations		178,414	1
Christina River	Reservations		334,080	1
			1,447,534	
Working Interests				
Pembina	Lease	Can. Ind. G. & O.	481	10
Lac Ste. Anne	Leases	Westcoast Prod.	5,432	10
	Leases	Western Minerals	1,279.26	5
Taber South	Lease	John O. Galloway	320	100
			7,512.26	
SASKATCHEWAN				
Gross Overriding Royalty Interests				
Duck Lake	Permit	McDermott, Gen. Crude	72,866	1
	Permits	Ranger Oil, Pembina Pipe.	111,727	½
Lenore Lake	Permit	Ashland Oil & Ref.	52,160	2
Kinley	Permit	Tenneco Oil	12,160	1
Lockwood	Permit	Tenneco Oil	12,480	1
Rosetown	Permit	Hudson's Bay O. & G.	99,840	½
Old Wives Lake	Permits	Hudson's Bay O. & G.	294,560	½
Leader	Permits	Hudson's Bay O. & G.	187,929	½
			843,722	
NORTHWEST TERRITORIES				
Gross Overriding Royalty Interests				
Jean-Marie Creek	Permit	Transalta	61,272	1
	Permit	Hudson's Bay O. & G.	61,272	1
Rabbitskin River	Permit	Chevron Stand.	60,948	1
	Permit	Transalta	60,948	1
Wrigley	Permit	Raddison O. & G.	28,373	1 ½
Norman Wells	Permit	Pacific Pet., Westcoast Prod., Western Pac. Prod., Crude Oil Pipe.	52,982	1 ½
South Foetus Lake	Permit	Siebens O. & G.	31,244	1
Yohin Lake	Permits	Siebens O. & G.	122,868	1
Fort Good Hope (West)	Permits	C.P.O.G.	673,518	½
Fort Good Hope (East)	Permits	C.P.O.G.	653,944	½
			1,807,369	

(1) The names of the Operators are abbreviated to conserve space. The full names are presented elsewhere in the Company Prospectus, of which this is a part.

(2) Operator has right to earn additional 3,200 acres on which Company Royalty would apply.

(3) Corridor acreage in which the Operator has an option to acquire an additional 10,880 acres, on which the Company Royalty would apply.

(4) Pennzoil, the Company through which Sunlite holds its Royalty interest, is in the middle of a 5-well program, 3 wells of which have been drilled. Until the other 2 wells have been drilled, neither Pennzoil nor the Company will have any interest in the acreage.

(5) The Operator holds the right to acquire additional acreage by further drilling performance. The Company Royalty interest would apply to such acreage.

Nature of Royalty Interests

Inasmuch as the gross overriding royalty (hereinafter referred to as G.O.R.) interests held are in Crown properties, they are of necessity different than G.O.R. in Freehold properties. Freehold Royalties are perpetual, whereas G.O.R. in Crown properties are not perpetual because the continued ownership of Crown lands by a Lessee or an Operator depends upon statutory requirements under which such lands are granted, in all cases for a set period of time, generally not exceeding a maximum of 21 years. If at any time during the period of agreement with the Crown, the Operator fails to meet the work requirements or chooses to give up Crown lands, Gross Overriding Royalties held by a third party through the Lessee or Operator become terminated. This situation places a high premium on the ability and willingness of the Operator to develop the properties concerned and thus prevent their reversion to the Crown.

The latter concept explains why, in the above table, we have considered it desirable to show the names of the Lessees and/or Operators. With reference to them, we are of the opinion that the majority are practical and aggressive Operators and should be expected to carry out, or arrange for, practical exploration and development programs in keeping with the prospects of the holdings concerned.

It would serve no good purpose in this report to present in detail the prospects of the individual holdings. We will rather present in general terms broad descriptions of the prospects, by provinces and by general areas within the provinces. Thus:

GROSS OVERRIDING ROYALTY INTERESTS

Alberta Holdings

The Company's Alberta Royalty interests are all located in the northern part of the province. Those with the better prospects may be described as being in the Bistcho-Rainbow-Wabiskaw area, which includes all Company interest permits in Alberta with the exception of two blocks lying to the south of McMurray, the Bohn Lake and Christina River permits.

Most of the Bistcho-Rainbow-Wabiskaw holdings have in common that their principal prospective reservoir rocks are the Slave Point, Muskeg, Keg River, Sulphur Point reefoid horizons, and the Granite Wash. As we see it, strong regional basement tectonic trends have controlled, in part, the location of widespread but scattered prospects, the local delineation of which must be left to detailed geological, geophysical and drilling operations. Having in mind the broad distribution of these blocks and the probable nature of the oil and gas occurrences, it is our opinion that one or more of the permits concerned has a good chance of ultimately becoming productive.

Although neither the Christina River or the Bohn Lake area has to date proven productive, they lie in an area that has been but little explored. The principal prospective horizon is the Keg River but prospects also exist in the Beaverhill Lake, Slave Point and Granite Wash.

Saskatchewan Holdings

For purposes of classification by the nature of their Petroleum and Natural Gas prospects, the Company's Saskatchewan holdings might be described in permit groups.

The Duck Lake-Lenore Lake permits are relatively unexplored, the principal prospective horizons being the Devonian Winnipegosis reefs and other Lower Paleozoic reefs and other carbonates, as well as basal Paleozoic sands.

The prospects in the Kinley and Lockwood permit areas are similar to those of the Duck Lake-Lenore Lake areas, the principal difference being that the Kinley-Lockwood areas are surrounded by a high density of potash wells, with the result that the structure within the Paleozoic system is much better known here.

The Rosetown-Leader permits are not far distant from producing areas, the Rosetown block being about 30 miles east of the Dodsland Viking gas field whereas the two Leader blocks are only 15 miles east of the Bindloss Viking gas field and about 30 miles west-northwest of the strong North Premier-Fosterton-Battrum Jurassic and Cretaceous oil field trend. Otherwise, the main potential producing prospects are the Mississippian Bakken sands and the reefoid and other carbonate rocks of the Devonian and earlier Paleozoic.

The Old Wives (Johnson) Lake permits are located in an area that has been but slightly explored. Although there are potential source and reservoir rocks throughout both the Mesozoic and Paleozoic sections, the principal prospects are in the Paleozoic.

It is of special interest to all the above Saskatchewan holdings that the Government introduced a regulation that allowed for a freedom from all royalties on Paleozoic production from formations more than one hundred feet below the top of the Devonian until after the end of 1970. The objective was to encourage deep drilling. That objective has been accomplished to a considerable extent.

Northwest Territories Holdings

The Company's Northwest Territories holdings may be grouped in accordance with the nature of the prospects and their geographic and geological oil basin relationships into three areas.

The Fort Good Hope and Norman Wells holdings are located in the Lower Mackenzie sedimentary basin in areas that are noted for being relatively undeveloped, although they do have substantial shows of oil in the form of oil and gas seepages and oil sands, and the Norman Wells oil field is located in the southern part of this same general area.

A second area is the Wrigley area, located on the Mackenzie River midway between the Upper and the Lower Mackenzie Basin, about 125 miles southeast of Norman Wells. The general basin characteristics are relatively promising but the permit itself is undeveloped as to prospects.

The third area of N.W.T. Company interest holdings is the Upper Mackenzie Basin where the Rabbitskin River, Jean-Marie, Yohin Lake, and South Foetus Lake permits are located. The principal interest in this area lies in the fact that it is in the same general basin in which gas discoveries have been made at Celibeta, Beaver River and Rabbit Lake. The Rainbow-Bistcho-Zama oil areas lie in the northern extremity of Alberta against the N.W.T. boundary and (to some extent) in the same general sedimentary basin environment.

WORKING INTERESTS

The Company's Working Interest holdings are all in the form of Petroleum and Natural Gas Leases located in central and southern Alberta, in the Lac Ste. Anne, Pembina and Taber South areas. None of these properties is in an area in which the Oil Industry is particularly active at this time. This fact, combined with the relatively small net acreage interests concerned, means that they are not at this time regarded as of significant value, by comparison with the total of the Company's Gross Overriding Royalty Interests.

SUMMARY

The Company holdings under consideration are for the most part undeveloped Gross Overriding Royalty interests held in Petroleum and Natural Gas Crown Leases, Reservations, Permits and one Drilling Reservation. The only exception is represented by three Working Interest holdings in Alberta.

All of the Company properties are located in areas that have not yet been fully evaluated and must, therefore, be regarded as prospective and subject to the results of anticipated expenditure of many millions of dollars. None of the expenditure in Royalty holdings need be invested by the Company because of the nature of the interest. Any expenditures involved in the Working Interest holdings are likely to be relatively small.

If we were asked to rate the holdings by provinces, we would say that the northern Alberta holdings are the most prospective, followed by the Saskatchewan holdings, and in turn by the Northwest Territories holdings, and lastly by the central and southern Alberta Working Interest properties. This assessment is, however, naturally subject to further developments in any or all four areas.

1009 - 4th Avenue S.W.,
Calgary, Alberta.
December 2, 1966.

(Signed) J. C. Sproule, P.Geol.

(Seal)

CERTIFICATE

I, John Campbell Sproule, consulting geologist, of 1009 - 4th Avenue S.W., Calgary, Alberta, do declare:

1. That I graduated as a geologist from the University of Alberta with the degree of Bachelor of Science in the year 1930; I obtained the degree of Master of Arts at the University of Toronto in the year 1931; and I obtained the degree of Doctor of Philosophy in Geology from the University of Toronto in the year 1935.

2. That I am a Fellow of the Geological Society of America, a Member of the American Association of Petroleum Geologists, the Society of Exploration Geophysicists, and the Society of Economic Paleontologists and Mineralogists, and that I am a registered Professional Geologist for the Province of Alberta, a registered Professional Engineer for the Province of Saskatchewan, and a registered Engineer for the Province of Manitoba.

3. That I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the attached report entitled, "Evaluation of Certain Gross Overriding Royalty and Other Non-Producing Property Interests held by Sunlite Oil Company Limited," nor have I any interest, present or expected, in the securities of the Company.

4. The above report is based on my geological and engineering knowledge of the areas described above, and that of my Associates, and upon a consideration of all available data on wells drilled in adjacent areas, and upon examination of electric logs and available production engineering data on wells in the vicinity of the aforementioned properties.

1009 - 4th Avenue S.W.,
Calgary, Alberta.
December 2, 1966.

(Signed) J. C. Sproule, P.Geol.

(Seal)

REPORT OF JAMES A. LEWIS ENGINEERING CO. LTD.

PETROLEUM RESERVOIR ANALYSTS
736 Eighth Avenue S.W.
Calgary, Alberta

December 1, 1966
File: 6911

SUNLITE OIL COMPANY LIMITED
4th Floor, Alberta Wheat Pool Building
505 Second Street S.W.
Calgary, Alberta

Gentlemen:

In accordance with your authorization, an appraisal has been made of the proved and probable producing crude oil reserves owned by Sunlite Oil Company Limited (hereinafter referred to as Sunlite). The EFFECTIVE DATE of this appraisal is December 1, 1966.

The properties involved in this appraisal, located in the Pembina field, Alberta, Canada, are detailed below.

Lease Number	Description
113761	Section 9-49-5 W. 5M
111358	E/2 Section 29-49-10 W. 5M
112282	E/2 Section 12-47-9 W. 5M
113084	NE/4 Section 22 and E/2 Section 27-49-7 W. 5M
113770	Section 32-49-7 W. 5M
113780	E/2 Sections 24, 25 and 36-48-11 W. 5M
113781	S/2 Sections 1 and 2-49-11 W. 5M
113775	W/2 Section 14-47-10 W. 5M

A summary of the proved and proved plus probable reserves accruing to Sunlite and the net income associated therewith is as follows:

	Proved	Proved Plus Probable
Net Reserves, Barrels (1)	170,000	226,000
Net Operating Income: (2)		
Undiscounted	$254,000	$348,000
Present Worth discounted @ 6%/Annum	$165,000	$219,000

(1) Expressed in stock tank barrels equivalent to 42 US gallons

(2) Canadian dollars

Net reserves, as used herein, mean those crude oil reserves owned by Sunlite after deduction of the applicable royalties.

The net operating income reflected in the economic summary is after deduction of all royalties, direct lifting costs, processing costs, normal allocated overhead, development costs and future investments after salvage credits but before deduction of income taxes. The current crude price has been used throughout the economic life of the properties but operating costs have been adjusted in accordance with projected operating conditions.

Sunlite's principal reserves are attributable to water injection recovery in Pembina Cardium Units 11 (Cynthia) and 12 (Lindale). Both floods are under full-scale water injection operations; however, due to the relatively short history of these projects, all of the theoretical potential cannot be considered as proven. Low productivity associated with wells in the Cynthia Unit does not allow this project to take advantage of increased water injection allowable. Some proved water injection recovery has been assigned to Lease No. 113770 because of adjacent water injection projects and the response evident in wells 14-32-49-7 W. 5M and 16-32-49-7 W. 5M.

Only the proved and proved plus probable reserves have been appraised in this report. Definitions of these reserve categories follow:

PROVED RESERVES are those established by existing production, by adequate test and by other information on zones behind pipe in existing wells, or those existing beneath undeveloped tracts offsetting producing wells where geological control confirms presence of the reserve. Reserves included in the proved category, which are attributable to fluid injection, represent that portion of the theoretical reserve calculation which is considered to have been proved by study of the historical production performance of the injection project to date. The distinction between a proved primary reserve and a proved fluid injection reserve is noteworthy. The proved primary reserve is a relatively fixed value, whereas the proved injection reserve is not necessarily fixed and will progressively increase with time as satisfactory flood performance is established.

PROBABLE RESERVES are those estimated for locations beyond proved offsets, where geological data reasonably confirm satisfactory structural and formation characteristics; those in zones behind pipe in existing wells where data reasonably confirm the presence of these reserves but where such data are inadequate to establish proof of the productivity of the reserves. Reserves attributable to established fluid injection projects are also included. Fluid injection reserves in the probable category are those reserves which are reasonably certain of recovery but which have not been fully proven by performance of the injection project to date. As these projects progress favorably, all reserves placed in the probable category may be progressively transferred into the proved category. Primary reserves placed in this category also may be subsequently transferred into the proved category as justified by well performance.

The officers and staff of the Company have been co-operative in disclosing all requested information and have answered satisfactorily all questions regarding the properties.

Very truly yours,

James A. Lewis Engineering Co. Ltd.

(Signed) Jack Wahl

(Corporate Seal)

CERTIFICATES OF QUALIFICATION

This is to certify that James A. Lewis Engineering Co. Ltd., with offices located at 736 Eighth Avenue S.W., Calgary, Alberta, Canada, did prepare a report on the recoverable oil reserves and future production performance of certain leaseholds and interests of Sunlite Oil Company Limited in the Pembina Field, Alberta, Canada as of December 1, 1966.

(a) James A. Lewis Engineering Co. Ltd. is a corporation of consulting petroleum engineers, engaged primarily in the appraisal and supervision of petroleum and natural gas properties.

(b) Jack Wahl, Petroleum Engineer, President and Manager of James A. Lewis Engineering Co. Ltd., was the person directly responsible for the preparation of this report. Mr. Wahl has in excess of seventeen years experience in petroleum engineering and has been associated with James A. Lewis Engineering for approximately fourteen years. Petroleum property valuation experience of Mr. Wahl extends throughout

the United States of America and Canada. He is a petroleum engineering graduate from the University of Tulsa, in Tulsa, Oklahoma. Mr. Wahl is a member of the Society of Petroleum Engineers of AIME and is a registered Professional Engineer in the State of Texas in the United States of America and in the Provinces of Alberta and Saskatchewan in Canada.

(c) James A. Lewis Engineering Co. Ltd. has no interest, directly or indirectly, nor does it expect to receive any interest, directly or indirectly, in the properties or securities owned by Sunlite Oil Company Limited referred to in the accompanying report.

(d) The said report is not based on personal field examination of the properties inasmuch as such examination was deemed unnecessary in view of the records of the Company and the availability of production records, drilling and testing data and other reservoir information maintained by James A. Lewis Engineering Co. Ltd. relating to the Pembina oilfield.

(e) The properties studied in this report are located in the Province of Alberta, Canada.

JAMES A. LEWIS ENGINEERING CO. LTD.

(Signed) Jack Wahl

Calgary, Alberta
December 1, 1966.

(Corporate Seal)

I, Jack Wahl, hereby certify that I have no interest, directly or indirectly, nor do I expect to receive any interest, directly or indirectly, in the aforementioned properties owned by Sunlite Oil Company Limited, referred to in the aforementioned report.

(Signed) Jack Wahl, P.Eng.

Calgary, Alberta
December 1, 1966.

(Seal)

SUNLITE OIL COMPANY LIMITED

Balance Sheet and Pro Forma Balance Sheet

As at November 30, 1966

The Pro Forma Balance Sheet gives effect to the transactions set out in Note 1.

Assets

	Balance Sheet	Pro Forma Balance Sheet (Note 1)
CURRENT ASSETS:		
Cash	$ 24,443	$ 24,443
Accounts receivable	3,894	3,894
	28,337	28,337
CASH APPROPRIATED FOR USE IN PROPERTY ACQUISITIONS	—	775,000
FIXED ASSETS, at cost:		
Petroleum and natural gas leases and rights		
Producing:		
Acquisition costs	61,493	61,493
Development costs	152,703	152,703
	214,196	214,196
Less accumulated depreciation, depletion and amortization	92,635	92,635
	121,561	121,561
Non-producing:		
Acquisition costs		
Royalty rights	469,250	469,250
Leases	13,327	13,327
	604,138	604,138
	$632,475	$1,407,475

Liabilities

	Balance Sheet	Pro Forma Balance Sheet (Note 1)
CURRENT LIABILITIES:		
Bank indebtedness — unsecured	$ 250,000	$ —
Accounts payable	1,434	1,434
	251,434	1,434

Shareholders' Equity

CAPITAL STOCK (Note 3):		
Authorized		
3,000,000 shares, without nominal or par value		
Issued, fully paid		
Balance sheet — 452,100 shares	338,878	—
Pro forma balance sheet — 1,452,100 shares	—	1,388,878
EARNED SURPLUS, per attached statement	42,163	17,163
	381,041	1,406,041
	$632,475	$1,407,475

Approved on behalf of the Board:

(Signed) D. K. Russell, Director (Signed) O. E. Buker, Director

The accompanying notes are an integral part of the above Balance Sheet and Pro Forma Balance Sheet.

SUNLITE OIL COMPANY LIMITED

Notes to Balance Sheet and Pro Forma Balance Sheet

As at November 30, 1966

Note 1: PRO FORMA BALANCE SHEET

The pro forma balance sheet is after giving effect, as at November 30, 1966, to the following:

(a) The issuance, under the terms of an underwriting agreement dated November 19, 1966, of 1,000,000 shares without nominal or par value at a price of $1.05 per share for a total consideration of $1,050,000.

(b) The repayment of bank indebtedness of $250,000.

(c) The payment and charge to earned surplus of estimated share issue expenses of $25,000.

Note 2: ACCOUNTING POLICIES

The acquisition costs of gross overriding royalty and other interests are capitalized and charged to income if and when subsequently surrendered or abandoned. The costs of producing gross overriding royalty and other producing interests are amortized using the unit of production method based upon estimated recoverable quantities of oil and gas.

Exploration expenses and carrying charges of both producing and non-producing properties are charged to income as incurred.

The costs of drilling a productive well, including the costs of production equipment, are capitalized and likewise amortized using the unit of production method. The cost of an unproductive well is charged to income when determined to be dry.

Note 3: CAPITAL STOCK

(a) During the eleven months ended November 30, 1966, the company, by special resolution of the shareholders confirmed by court order, converted and increased its authorized capital from $750,000 divided into 3,000,000 shares with a par value of 25¢ each to 3,000,000 shares without nominal or par value which may be issued for a maximum price or consideration not exceeding in the aggregate $3,000,000.

(b) During the eleven months ended November 30, 1966, the company issued 452,095 shares as shown below:

	Number of Shares	Consideration
Balance, December 31, 1965	5	$ 1
Shares issued on stock split on basis of one additional share for each share held by existing shareholders	5	—
Shares issued under an offer to existing shareholders to subscribe for shares for a total consideration of $200 cash and the cancellation of shareholders' loans of $105,037	199,990	105,237
Shares issued for cash	252,100	233,640
Balance, November 30, 1966	452,100	$338,878

SUNLITE OIL COMPANY LIMITED

Statement of Earned Surplus

	Year Ended December 31, 1965	Eleven Months Ended November 30, 1966
BALANCE, beginning of period	$26,790	$39,064
Net income for the period	12,274	5,543
	39,064	44,607
Deduct		
Incorporation expenses written off	—	406
Share issue expenses	—	2,038
	—	2,444
BALANCE, end of period	$39,064	$42,163

Statement of Earnings

	Year ended December 31,							Eleven Months ended November 30,	
	1959	1960	1961	1962	1963	1964	1965	1965	1966
	(Note 1)								
INCOME:									
Oil and gas sales	$18,845	$42,118	$35,707	$30,602	$29,609	$32,469	$33,074	$30,532	$28,138
Royalties	—	—	701	507	418	431	397	330	329
	18,845	42,118	36,408	31,109	30,027	32,900	33,471	30,862	28,467
EXPENSE:									
Operating	8,806	9,245	9,053	8,106	10,427	9,534	11,301	10,176	9,609
General and administrative	1,351	1,611	917	613	695	1,163	615	554	3,977
Carrying charges on non-producing properties	—	—	—	53	229	—	112	112	955
Dry hole costs	—	—	—	—	6,394	104	—	—	—
Depreciation	1,776	4,574	3,722	1,413	2,045	2,344	2,279	2,089	1,934
Depletion and amortization	7,916	17,684	13,751	7,061	6,423	7,141	6,810	6,243	5,908
Interest expense	2,746	7,255	5,712	4,535	3,523	3,498	2,282	2,128	541
	22,595	40,369	33,155	21,781	29,736	23,784	23,399	21,302	22,924
NET INCOME (LOSS) before undernoted items	(3,750)	1,749	3,253	9,328	291	9,116	10,072	9,560	5,543
Gain on sale of investments	—	—	—	—	6,804	—	2,202	2,202	—
NET INCOME (LOSS) (Note 2)	$(3,750)	$1,749	$3,253	$9,328	$7,095	$9,116	$12,274	$11,762	$ 5,543

NOTE 1: The Company was incorporated in 1945 but did not commence operations until July, 1959.

NOTE 2: For Canadian income tax purposes oil and gas companies are permitted to deduct, to the extent of income earned, exploration and development costs, including the costs of certain leases, overriding royalties and other interests. Since commencement of operations the company has had an excess of deductible costs over income and as a result no income tax has been payable. The amount by which the deductions for income tax purposes have exceeded charges to income was approximately $30,000 to December 31, 1965, and will not be available as a deduction for income tax purposes when charged to income in future years.

AUDITORS' REPORT

To the Directors,
Sunlite Oil Company Limited

We have examined the balance sheet and the pro forma balance sheet of Sunlite Oil Company Limited as at November 30, 1966, the statement of earned surplus for the year ended December 31, 1965, and for the eleven months ended November 30, 1966, and the statement of earnings for the seven years ended December 31, 1965, and the eleven month periods ended November 30, 1965 and 1966, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and statements of earned surplus and earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at November 30, 1966, and the results of its operations for the seven years ended December 31, 1965, and the eleven month periods ended November 30, 1965 and 1966, all in accordance with generally accepted accounting principles applied on a consistent basis.

Also, in our opinion, the accompanying pro forma balance sheet is properly drawn up so as to exhibit a true and correct view of the financial position of the company as at November 30, 1966, after giving effect, as at that date, to the proposed transactions set out in Note 1 to the balance sheet and pro forma balance sheet, in accordance with generally accepted accounting principles.

Calgary, Alberta
January 16, 1967.

(Signed) Riddell, Stead, Graham & Hutchison
Chartered Accountants.

STATUTORY INFORMATION

1. The full name of the Company is Sunlite Oil Company Limited (the "Company") and the address of its head office is 4th Floor, Alberta Wheat Pool Building, 505-2nd Street S.W., Calgary, Alberta.

2. The Company was incorporated under The Companies Act (Alberta) as a limited company by Certificate of Incorporation dated March 2, 1945. By Certificate dated July 22, 1966, issued by the Registar of Companies for the Province of Alberta, the Memorandum of Association was amended so as to convert and increase its authorized capital from $750,000 divided into 3,000,000 shares with nominal or par value of 25¢ per share to 3,000,000 shares without nominal or par value which may be issued for a maximum price or consideration not exceeding in the aggregate the sum of $3,000,000.

3. The names in full, present occupations and home addresses of the officers, directors and promoters of the Company are as follows:

OFFICERS

Donald Keith Russell	*President and Managing Director*	*Executive*	25 Fox Meadow Road, Scarsdale, New York, U.S.A.
Robert Theodore Marie Vanderham	*Vice-President*	*Executive*	2116 Hope Street S.W., Calgary, Alberta.
James Stewart Fisher	*Secretary-Treasurer*	*Barrister and Solicitor*	515 Sunderland Avenue S.W., Calgary, Alberta.

DIRECTORS

Donald Keith Russell	*Executive*	25 Fox Meadow Road, Scarsdale, New York, U.S.A.
Edwin L. Kennedy	*Investment Banker*	Glen Alpine Road, New Vernon, N.J., U.S.A.
Olin Ernest Buker	*Executive*	3607-12th Street S.W., Calgary, Alberta.
William Walter Siebens	*Executive*	102 Roxborough Road, Calgary, Alberta.

PROMOTER

Donald Keith Russell	*Executive*	25 Fox Meadow Road, Scarsdale, New York, U.S.A.

4. The auditors of the Company are Riddell, Stead, Graham & Hutchison, Chartered Accountants, 5th Floor, 309-8th Avenue S.W., Calgary, Alberta.

5. The Canada Trust Company at its principal offices in Calgary, Vancouver, Winnipeg and Toronto is the transfer agent and registrar of the shares of the Company. The addresses of such offices of The Canada Trust Company are 528 - 8th Avenue S.W., Calgary; West Pender at Hornby Streets, Vancouver; Portage Avenue and Fort Street, Winnipeg and 33 Adelaide Street West, Toronto.

6. The authorized capital of the Company consists of 3,000,000 shares without nominal or par value of which 452,100 shares have been issued and are outstanding as fully paid and non-assessable.

7. No bonds or debentures of the Company are outstanding or proposed to be issued.

8. No shares or other securities of the Company are held in escrow.

9. The Company has sold shares for cash to date as follows:

Dates of Issue	Number of Shares	Price Per Share	Total Cash Received	Commission Paid
March 4, 1945 to March 22, 1947	5	$0.25	$ 1.25	Nil
May 16, 1966	5*	—	—	Nil
August 31, 1966	199,990	$0.001	$ 200.00**	Nil
August 31, 1966 to November 3, 1966	207,100	$0.90	$186,390.00	Nil
November 3, 1966 to November 18, 1966	45,000	$1.05	$ 47,250.00	Nil

* Stock split.

** In addition to the $200.00 cash, the subscribers being all of the then existing shareholders, cancelled the shareholders' loans totalling $105,036.97.

10. No securities of the Company, other than shares, have been sold for cash to date.

11. No shares have been issued or are intended to be issued and no cash has been paid or is intended to be paid to any promoter for services as such. Donald K. Russell, promoter and president of the Company is the beneficial owner of 59,997 shares acquired from the Company for payment of cash in the amount of $60.00 and cancellation of a portion of the shareholders' loans amounting to $31,608.00.

12. The official designation and location of all properties or interests therein held by or optioned to the Company, showing whether owned, leased, optioned to or intended to be acquired by the Company, the names of the grantors, lessors or assignors of such property acquired or intended to be acquired by the Company and the consideration paid or to be paid therefor, are set out in the Schedule of Gross Overriding Royalty Interests commencing on page 5 and the Schedule of Working Interests commencing on page 12. The consideration paid on the acquisition of properties and interests aggregated $544,070.00, and is shown in the financial statements as follows:

Acquisition Costs of Gross Overriding Royalty Interests		$469,250.00
Acquisition Costs of Working Interests		
Producing Lands	$61,493.00	
Non-producing Lands	13,327.00	
	$74,820.00	$ 74,820.00
Total		$544,070.00

Development costs of $152,703.00 have been incurred with regards to the producing working interest properties.

In addition the Company has certain continuing obligations with respect to properties in which it has a working interest to pay rentals, royalties and expenses as more particularly referred to in the Schedule of Working Interests. No further consideration or rentals, royalties or expenses are payable with regard to the lands described in the Schedule of Gross Overriding Royalty Interests. The Company is not aware of any person or company who has received or is to receive from any Vendor a greater than 5% interest in the consideration received or to be received by such Vendors.

13. (i) The properties in which the Company has a Working Interest are accessible by road. The properties in which the Company has a Gross Overriding Royalty Interest extend over more than 4,000,000

acres and although some of the property is accessible by road, most of the properties, including those in the Northwest Territories, can only be conveniently reached at the present time by air.

(ii) The Company has no underground plant or equipment other than a small interest in conventional equipment used in the production of petroleum or natural gas in the producing lands in which the Company holds a working interest and a small interest in water injection and production facilities forming part of the Pembina Cardium Unit No. 11 and the Pembina Cardium Unit No. 12 being lands in which the Company has a small working interest.

(iii) The Company has no surface plant or equipment except for a small interest in pipelines, separators, tankage and the usual system of controls used in the production of petroleum and natural gas on lands in which the Company has a working interest.

(iv) For the known history of the Company's non-producing properties and interests reference is expressly made to the report of J. C. Sproule dated December 2, 1966, which forms part of this prospectus and commences on page 15. For the known history of the Company's producing properties and interests and for a summary of the proved and probable reserves thereof reference is expressly made to the report of Jack Wahl of James A. Lewis Engineering Co. Ltd. dated December 1, 1966, which forms part of this prospectus and commences on page 20. No work has been performed on the Company's properties by the present management.

14. By Agreement dated November 19, 1966, the Company has agreed to sell and James Richardson & Sons (now known as Richardson Securities of Canada) 173 Portage Avenue East, Winnipeg, Manitoba, acting as underwriters on their own behalf, have agreed to purchase, subject to the terms and conditions therein set forth, an aggregate 1,000,000 shares at the price of $1.05 per share.

15. The proceeds of the sale of the shares offered hereby will be $1,050,000, less the auditing, printing and legal costs incidental thereto which are estimated at $25,000. The net proceeds of the sale will be used to the extent of $250,000 to repay a bank loan incurred for the purpose of purchasing certain gross overriding royalty interests on November 4, 1966, and to the extent of approximately $150,000 to acquire additional producing properties, if, as and when favorable properties become available, in order to supplement income during the period of development of the lands covered in the Schedule of Gross Overriding Royalty Interests forming part of this prospectus. The balance of the funds, approximately $625,000, will be used in carrying out a program over a period of three to four years of acquiring gross overriding royalty interests in advance of drilling activities which might affect the values thereof. Pending the use of net proceeds as described above, the unexpended monies will be invested in trustee securities or held on deposit with the Company's bankers. The proceeds of the sale of the shares offered hereby will be used for no purposes other than those set forth above without the prior approval of the shareholders of the Company and of the Securities authorities having jurisdiction.

16. The Company has been incorporated for more than one year prior to the date of this prospectus.

17. The Company has no indebtedness which is not referred to in the balance sheet as at November 30, 1966, on page 23 of this prospectus, and the Company does not propose to create or assume any additional indebtedness.

18. (i) The principal business in which each director or officer of the Company has been engaged during the past three years, the positions held, and the name of the company or firm, are as follows:

Olin Ernest Buker, Director, is and has been the Resident Manager in Calgary of Richardson Securities of Canada (formerly known as James Richardson & Sons), Investment Dealers with offices at 319 - 8th Avenue S.W., Calgary, Alberta.

James Stewart Fisher, Secretary-Treasurer, is and has been an associate of the firm of MacKimmie, Matthews, Wood, Phillips & Smith, Barristers and Solicitors, 505 - 2nd Street, S.W. Calgary, Alberta, since

May, 1966, and prior to that was an associate of Allen, MacKimmie, Matthews, Wood, Phillips & Smith, Barristers and Solicitors at the same address.

Edwin L. Kennedy, Director, is and has been a partner in the firm of Lehman Bros., Investment Bankers, 1 William Street, New York 4, New York.

Donald Keith Russell, President and Managing Director, has been an associate of Lehman Bros., Investment Bankers, 1 William Street, New York 4, New York, since September 1, 1965, and prior thereto was Petroleum Analyst for The Lehman Corporation and consultant to Lehman Bros., at the same address.

William Walter Siebens, Director, is and has been President of Siebens Oil & Gas Ltd., 708 - 7th Avenue, S.W., Calgary, Alberta, since January, 1965, and prior thereto was for more than three years President of Siebens Leaseholds Ltd., at the same address.

Robert Theodore Marie Vanderham, Vice-President, is and has been President of Vanderham Oil Properties Ltd., 805 - 5th Street, S.W., Calgary, Alberta, for more than three years.

(ii) None of the directors or officers of the Company has ever had any interest, direct or indirect in any property acquired or proposed to be acquired by the Company except that Siebens Oil & Gas Ltd., sold certain gross overriding royalty interests to the Company for $281,500 in cash in November, 1966. Subsequently William Walter Siebens, President of Siebens Oil & Gas Ltd., has become a director of the Company.

(iii) The aggregate remuneration paid by the Company during the financial year ending December 31, 1966, to its directors as such was $200 and to its officers as such was $2,750. The aggregate remuneration estimated to be paid or payable by the Company during the current financial year ending December 31, 1967, to its directors as such is $800 and to its officers as such is $19,250.

19. No dividends have been paid on any shares of the Company since its incorporation.

20. There is no person who by reason of beneficial ownership of securities of the Company or any agreement in writing is in a position to or is entitled to elect or cause to be elected a majority of the directors of the Company.

21. The Company has not entered into any material contracts within two years preceding the date of this prospectus other than contracts in the ordinary course of business carried on or intended to be carried on by the Company, except:

(a) By an agreement dated September 8, 1966, the Company purchased from Clemis Exploration Ltd., Room 515, 635-6th Avenue S.W., Calgary, Alberta, and MacMillan Oils Ltd., Room 515, 635-6th Avenue S.W., Calgary, Alberta, for a cash consideration of $30,000.00, a 2% gross overriding royalty interest in 11,560 acres, 1.5% gross overriding royalty interest in 7,040 acres and 1% gross overriding royalty interest in 5,760 acres, all located in the Bistcho Lake Area of Northern Alberta.

(b) By an agreement dated September 21, 1966, the Company purchased from Taylor Exploration Ltd., Room 219, 720-7th Avenue S.W., Calgary, Alberta, for a cash consideration of $50,000.00:

(i) a ½% gross overriding royalty interest in 292,480 acres in the South Wabiskaw Area of Northern Alberta, and

(ii) a 1% gross overriding royalty interest in 399,360 acres in the North Wabiskaw Area of Northern Alberta.

(c) By an agreement dated November 1, 1966, the Company purchased from Luscar Coals Limited, 918 Royal Bank Building, Edmonton, Alberta, for a cash consideration of $56,000.00:

(i) a 2½% gross overriding royalty interest in 26,560 acres in the South Rainbow East Area of Northern Alberta, and

(ii) a 0.1% gross overriding royalty interest in 45,760 acres in the South Rainbow West Area of Northern Alberta.

(d) By an agreement dated November 4, 1966, the Company purchased from Siebens Oil & Gas Ltd., 708-7th Avenue S.W., Calgary, Alberta, for a cash consideration of $281,500.00:

(i) a 1% gross overriding royalty interest in 617,454 acres in several different areas of Northern Alberta,

(ii) a 1% gross overriding royalty interest in 24,640 acres in the Kinley and Lockwood Areas of Saskatchewan,

(iii) a ½% gross overriding royalty interest in 582,329 acres in several different areas of Saskatchewan,

(iv) a 1% gross overriding royalty interest in 154,112 acres in the Northwest Territories; and

(v) a ½% gross overriding royalty interest in 1,327,462 acres in the Northwest Territories.

(e) During August, 1966, 199,990 shares were issued to the then existing shareholders for a total consideration of $200.00 cash and the cancellation of Shareholders' Loans totalling $105,036.97.

(f) During November 1966 the Company executed a demand promissory note in favor of its bankers in the amount of $250,000.00.

(g) The underwriting agreement referred to in paragraph 14 of this statutory information.

Copies of the above agreements may be examined at the Head Office of the Company.

There were no interlocking interests between any of the above companies and the Company at the time the Company entered into the above agreements.

There are no other material facts not disclosed in the foregoing statutory information or in the information preceding the statutory information.

Calgary, Alberta

DATED January 16, 1967.

A certificate authorizing the Company to expend money received from the sale of securities was issued to the Company by the Alberta Securities Commission on December 28, 1966.

The foregoing constitutes full, true and plain disclosure of all material facts of the offering of securities referred to above as required by Section 38 of The Securities Act (Ontario), under the Quebec Securities Act, under the Securities Act of the Province of British Columbia, by Section 42 of The Securities Act, 1954 (Saskatchewan), by Section 45 of the Securities Act, 1955 (Alberta) and by Section 13 of the Security Frauds Prevention Act (New Brunswick), and there is no further material information applicable other than in the financial statements or reports where required or exigible.

DIRECTORS AND PROMOTERS

(Signed) D. K. Russell

(Signed) O. E. Buker

(Signed) W. W. Siebens

Edwin L. Kennedy
by his agent authorized in writing
(Signed) D. K. Russell

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 38 of The Securities Act (Ontario), under the Quebec Securities Act, under the Securities Act of the Province of British Columbia, by Section 42 of The Securities Act, 1954 (Saskatchewan), by Section 45 of the Securities Act, 1955 (Alberta) and by Section 13 of the Security Frauds Prevention Act (New Brunswick), and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

UNDERWRITERS

RICHARDSON SECURITIES OF CANADA
per (Signed) L. L. Bell

The following are the names of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital of Richardson Securities of Canada: James A. Richardson, George T. Richardson.